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DIA AND DOS review(s) completed.

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SECTION 1 (SOVIET)

1. POLAND. Government plans settlement of underpopulated rural areas. The Polish Government adopted on 28 February a plan for the settlement of underpopulated rural areas, primarily in the former German territories under Polish administration. The new farmsteads can be taken over by peasants from densely populated areas not situated near industrial centers, landless peasants, small-holders, and young married couples. Provision for direct grants and interest-free loans from the government to the settlers has also been made.

25X1 The US Embassy in Warsaw reports that 500 farms in Olsztyn Province in western Poland will be ready in March for families from the overpopulated rural areas of central Poland. [REDACTED]

25X1 [REDACTED]

Comment: The rural regions of the western Polish territories, according to a recent US Embassy report, "seem to be neither living nor dead and present the most depressing sight imaginable."

- The evident aim of the Polish Government is, through a redistribution of the peasant population, to commence recouping last year's serious agricultural losses. However, because the Polish peasant has an extremely strong personal attachment to his family lands and is unlikely to move voluntarily, the government will be required to use force to implement its decision. Also, the Polish peasant knows that in those few areas which were resettled following the war, the peasants were quickly forced into state farms by their dependence on the state for support.
2. YUGOSLAVIA. High official explains reasons for leftward shift in party policy: Slovene Interior Minister Boris Krajger informed US Embassy officials that the Yugoslav Communist Party had initiated its campaign to restore party purity in an effort to convince members in Slovenia that the regime was not abandoning socialism for a Tito brand of capitalism. Many members, under the influence of Cominform propaganda and the introduction of a new economic system, had reportedly moved to make peace with the bourgeoisie and the Church in the belief that Yugoslavia was on the road to capitalism.

Embassy officials believe that Krajger's statements confirm their impression that the Yugoslav Communist Party

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is "leading from weakness" in its present attempt to restore party morale. According to these observers, special conditions in Slovenia may have produced a more serious intra-party situation than in other republics, a factor which may also help to explain the national government's intransigence on Trieste. Nonetheless, they believe that the rapid spread of the revitalization campaign to other republics indicates a high-level decision to purify the party. [REDACTED]

Comment: The Slovene Communist Party is particularly vulnerable to Western influence because of Catholic sentiment, a highly developed economy, and a general Western cultural orientation.

Heretofore leaders of the party have expressed more concern over the effects of its pro-Western policy on party doctrines than over the loss of discipline among the more opportunistic rank-and-file who, in Slovenia at least, have apparently taken the opportunity to adopt or condone bourgeois practices.

3.

Implementation of economic decentralization program decreed: The Yugoslav Government has published a decree prescribing the new relations between the state and economic enterprises. Under this edict, which will take effect on 1 April, individual enterprises will function within the framework of a general state plan. The right of the state to control enterprises is ostensibly reduced to the measures necessary to ensure the fulfillment of minimum production, investment and wage figures established by the plan. After drawing up plans to fulfill their state obligations, the workers' councils in the various enterprises will devise plans for production and distribution of profit; the state will no longer exercise complete control over the management of enterprises. [REDACTED]

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Comment: In reality this edict, which institutes the widely heralded step towards better satisfying consumer demand and introduces worker control of industry under the law of supply and demand, does not represent any appreciable lessening of state control over the economy. For example, the "independent plans" of all economic organizations are subject to the approval of a governmental agency. The new economic laws place more emphasis on the control of economic enterprises through fiscal policy. Moreover, despite a certain amount of decentralization, the Communist Party will continue to dominate the economic sphere through its control of worker groups and managers.

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SECTION 2 (EASTERN)

1. CHINA. Naval School reported at Hulutao: An undisclosed number of officers of the first class attending the Hulutao Naval School completed an advance course in mid-February, according to the Ministry of National Defense at Taipei.

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Comment: While Hulutao is believed to be a naval base, very little is known of Communist activity at this Manchurian port, because it is not open to foreign trade and is not observable from the Peiping-Mukden railroad, about ten miles distant. Organizational charts received from the MND in 1951 do not list a naval school there, indicating that reports of this school were only recently received.

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3. INDIA. Communist post-election tactics in South India: A "Provincial Committee Circular," issued by the Tamil Nadu Provincial Committee of the Communist Party of India on 21 January, makes clear that the Communist Party intends to continue its pre-election united front tactics in Madras

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25X1 State through cultivation of contacts with most of the non-  
25X1 Congress parties and their elected candidates. Special  
efforts are to be made to approach the Socialists. The  
Communist argument is that only an anti-Congress coalition  
in the new State Assembly can deal successfully with the  
state's economic and social problems. [REDACTED]

Comment: The Congress Party does not have an absolute  
majority in the Madras State Assembly, and a permanent gov-  
ernment has not yet been formed. The Socialist Party has  
declared that its members will not cooperate with either the  
Congress or Communist Parties. Whether or not the Congress  
Party eventually succeeds in forming a workable government,  
Communist united front tactics probably will succeed in  
attracting to the leftist opposition some of the 63 Inde-  
pendents and 84 representatives of other non-Congress parties.

4. PAKISTAN. Foreign Minister promotes Moslem bloc: During a  
recent tour of the Near East, Pakistani Foreign Minister  
Zafrullah Khan discussed with the governments of Egypt, Turkey,  
Syria, and Lebanon the idea of periodic consultations on  
questions of mutual interest. According to the Pakistani  
Foreign Ministry, the reaction was uniformly favorable, and  
Zafrullah Khan will now draft the procedure to be observed  
by participating states. The Pakistani Foreign Minister  
envisages similar approaches to other Moslem governments.

25X1 [REDACTED]

Comment: Pakistan has long been interested in achieving  
a prominent position in the Moslem world. To further this  
aim, it recently agreed to sponsor the Tunisian case before  
the UN Security Council.

While there is little basis on which a genuinely per-  
manent Moslem league can be established, a temporary working  
arrangement among Near Eastern and other Asian powers has  
already occurred on several occasions. The effort of an  
eloquent spokesman such as Zafrullah may soon result in a  
highly articulate bloc in the United Nations.

5. IRAN. Prime Minister does not intend to renew American  
Military Mission contract: There is "no possibility what-  
soever" that any member of the Iranian Government will give  
written authorization for a renewal of the US Army Mission

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contract, Prime Minister Mossadeq told Ambassador Henderson on 3 March. Mossadeq suggested that the mission might remain for a few months, however, until a new Majlis had been formed and the oil problem settled, at which time Iran could "dispassionately consider" the advisability of retaining the mission.

25X1 The Ambassador thinks that Mossadeq is personally hostile to the concept of an army mission and that only the urgings of the Shah and certain of his military and political advisers induced him to suggest that the mission remain until a Majlis decision could be reached. [REDACTED]

25X1 [REDACTED]

Comment: Mossadeq's refusal to renew the army mission contract, which expires on 20 March, was foreshadowed in late December 1951 when his adamant stand against giving Mutual Security Act assurances resulted in the cessation of US military aid.

Mossadeq is firmly opposed not only to foreign missions but also to a strong, independent Iranian Army. Without a contract, the army mission would be subject to any restrictions Mossadeq might choose to impose; its effectiveness would diminish and an important channel of American influence would gradually be closed.

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SECTION 3 (WESTERN)

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2.

East Germans reopen Rothensee canal lock: West Berlin officials confirm that the important Rothensee canal lock on the Mittelland Canal, linking Berlin and West Germany, was reopened by the East Germans on 3 March. [REDACTED]

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[REDACTED] Comment: This lock was closed by East Germany for "urgent repairs" near the end of February. This raised the possibility that the repairs might be stretched out for months, as they were during 1951, thus closing the main canal route from West Germany to Berlin.

There is still no reliable information on the status of the Grosswusterwitz lock on the Flauer Canal further east, also announced closed for repairs from 22 February to 6 March. Although closing of this lock does not block Mittelland traffic, it does add two days to the length of barge trips to Berlin.

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6. AUSTRIA. Government encouraged by initial discussions on Soviet Enterprises: Chancellor Figl, reporting an "improved atmosphere" in his most recent discussions with Soviet officials, was hopeful the Russians might "give in" on the question of Soviet Enterprises in Austria (USIA). He attributed Soviet relaxation to the effectiveness of Austrian boycott and picketing of USIA retail stores. He was also optimistic on the subject of Soviet obstruction of permits to transport goods to the Western provinces. He believed that further improvement in this situation can be expected, even without Austria's increasing metal allocations to USIA enterprises. [REDACTED]

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Comment: Despite their general steadiness under Soviet demands, Austrian officials are perhaps given to exaggerated interpretation of trends in Soviet policy. While there has been a potentially dangerous increase in Soviet economic pressure, this has appeared designed specifically to support Soviet demands for raw materials, and overcome Austrian resistance to USIA activities. It is uncertain what the Austrians expect to achieve by their discussions of USIA, since the Russians' statements indicate that they do not intend to retreat on the basic question of Soviet holdings in Austria.

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11. DOMINICAN REPUBLIC. American Naval Attache states submarines sighted not US: The US Naval Attache has visited the Boca del Yuma area in the southeastern part of the Dominican Republic and has verified reports of the presence of submarines. He talked with persons who saw them and is convinced that the submarines were actually sighted. 25X1

25X1 The US Navy has informed the Attache that no US submarines are in the area. The Dominican press has attributed the identification of the submarines as Russian to the Naval Attache, who states that he advised the Dominican authorities only that the submarines were not US. 25X1

Comment: The Dominican Secretary of War, Navy, and Aviation has announced that his country will accuse the Soviet Union before the UN Security Council of "violation of standards which are elemental in international law."

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12. GUATEMALA. Railway workers oust Communist leadership: Eight hundred workers of the International Railways of Central America ousted their leaders on the charge that they were controlled by the General Confederation of Guatemalan Workers (CGTG), which the workers had repudiated.
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Comment: The railway workers' union, the most powerful labor union in Guatemala, has long shown an aversion to being controlled by Communists. Their present action is the first serious blow to the recently created national Communist labor front.

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